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**OPERATIONS COMMITTEE
MARCH 15, 2007**

SUBJECT: NATURAL GAS FUELED HEAVY DUTY ENGINES

ACTION: AWARD CONTRACT TO CUMMINS CAL PACIFIC

RECOMMENDATION

Authorize the Chief Executive Officer to award a firm fixed price contract under bid number 07-0004 to Cummins Cal Pacific, the lowest responsive, responsible bidder, for the procurement of 400 Cummins ISL G natural gas engines for an amount not to exceed \$14,602,925 inclusive of sales tax.

RATIONALE

Metro Regional Rebuild Center (RRC) staff has identified a requirement to purchase 400 natural gas fueled heavy-duty engines to replace currently installed Detroit Diesel Series 50 engines during fiscal year 2008. The Detroit Diesel Series 50 engines will no longer be available or supported by the manufacturer. These engines will be installed in the following 40' coach types: Neoplan 6700 series, New Flyer High Floor 5000 series, and New Flyer Low Floor 5300 series.

Of the 400 engines requested, 150 will be utilized for the FY08 RRC Bus Engine Replacement Program and 250 will be utilized for the FY08 Bus Midlife Program.

The Cummins natural gas fueled heavy-duty engines are warranted to be free from defects in design and materials for two-years/unlimited mileage with full parts and labor on all warrantable failures.

FINANCIAL IMPACT

The funding of \$9,126,828 (inclusive of sales) tax for the procurement of 250 natural gas fueled heavy-duty engines will be included in capital project FY08 Bus Midlife Rebuild Program (CP# 203005). The funding of \$5,476,097 (inclusive) of sales tax for the procurement of 150 Natural Gas Fueled Heavy Duty Engines will be included in capital project FY08 RRC Bus Engine Replacement (CP# 203015).

Metro will apply for a grant from the South Coast Air Quality Management District (AQMD) through the Carl Moyer Program in order to partially recoup the cost of these engines. The Carl Moyer Program provides grants to businesses and public agencies to help clean their

heavy-duty diesel engines more than required by state air pollution regulations. The grants cover some or all of the cost difference between purchasing a newer, cleaner engine/vehicle, and rebuilding the existing engine.

As such, the Carl Moyer Program drives early introduction of clean air technologies that reduce emissions of oxides of nitrogen, particulate matter and reactive organic gases caused by the combustion of diesel fuel in heavy-duty engines. For FY06, \$25.5 million is available for project awards within the South Coast Air Quality Management District's four county jurisdiction.

In FY06, zero funds were expended on Cummins ISL G natural gas engines.

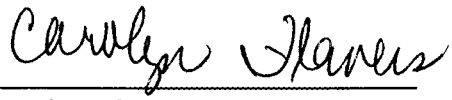
ALTERNATIVES CONSIDERED

The alternative is not to award this master agreement contract and to procure natural gas fueled heavy-duty engines on an as-needed basis, using the traditional "min/max" replenishment system method. The "min/max" replenishment system method calculates minimum and maximum inventory levels. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure availability, timely delivery, continued supply and a guaranteed fixed price for natural gas fueled heavy-duty engines.

ATTACHMENTS

- A. Procurement Summary
 - A-1. Procurement History
 - A-2. List of Subcontractors
- B. Bid Tabulation
- C. Bus Engine Replacement Plan

Prepared by: Brian J. Collins, Purchase Contract Manager
Milo Victoria, Deputy Executive Officer Operations



Carolyn Flowers
Interim Chief Operations Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

NATURAL GAS FUELED HEAVY DUTY ENGINES

| | | | |
|-----|---|---|--|
| 1. | Contract Number: 07-0004 | | |
| 2. | Recommended Vendor: Cummins Cal Pacific, LLC | | |
| 3. | Cost/Price Analysis Information: | | |
| | A. Bid/Proposed Price: \$14,602,925 | Recommended Price: \$14,602,925 | |
| | B. Details of Significant Variances: N/A | | |
| 4. | Contract Type: Firm fixed price | | |
| 5. | Procurement Dates: | | |
| | A. Issued: 11/15/06 | | |
| | B. Advertised: 11/16/06 | | |
| | C. Pre-bid/proposal Conference: 11/30/06 | | |
| | D. Bids/Proposals Due: 12/21/06 | | |
| | E. Pre-Qualification Completed: YES | | |
| | F. Conflict of Interest Form Submitted to Ethics: YES | | |
| 6. | Small Business Participation: | | |
| | A. Bid/Proposal Goal: No Goal Recommended | Date Small Business Evaluation Completed: N/A | |
| | B. Small Business Commitment: No Goal Recommended | | |
| 7. | Invitation for Bid/Request for Proposal Data: | | |
| | Notifications Sent: 3 | Bid/Proposals Picked up: 0 | Bid/Proposals Received: 4 |
| 8. | Evaluation Information: | | |
| | <u>A. Bidders Names:</u> Cummins Cal Pacific, LLC - Bid 1 Cummins Cal Pacific, LLC- Bid 2 Valley Power Systems- Bid 1 Valley Power Systems- Bid 2 | <u>Bid Amounts:</u> \$11,680,175 \$14,602,925 \$15,421,121 \$20,431,105 | <u>Best and Final Offer Amount:</u> N/A |
| | Evaluation Methodology: Lowest responsive, responsible bidder | | |
| 9. | Protest Information: | | |
| | A. Protest Period: 03/22/07 | | |
| | B. Protest Receipt Date: N/A | | |
| | C. Disposition of Protest Date: N/A | | |
| 10. | Buyer: Joanne Cummings | Telephone Number: 922-1035 | |
| 11. | Project Manager: Milo Victoria | Telephone Number: 922-5042 | |

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

NATURAL GAS FUELED HEAVY DUTY ENGINES

A. Background on Contractor

Cummins Cal Pacific is the exclusive distributor for Cummins, Inc. in Southern California from Ventura County south including Baja California, Mexico. Cummins Cal Pacific also provides technical support and genuine parts for the select Cummins network of dealers in Southern California. Cummins, Inc. provides natural gas fueled heavy duty engines to many of the original equipment manufacturers in the transit industry including North American Bus Industries (NABI).

B. Procurement Background

Cummins Cal Pacific is the lowest responsive, responsible bidder for natural gas fueled heavy duty engines. See detailed explanation in Section C below.

Cummins natural gas fueled heavy duty engines are warranted to be free from defects in design and materials for two years/unlimited mileage with full parts and labor on all warrantable failures.

The Diversity and Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this procurement.

C. Evaluation of Proposals

Four bids were received. The low bid from Cummins Cal Pacific, LLC to provide C Gas Plus natural gas engines was determined to be non-responsive due to California Air Resources Board (CARB) and federal Environmental Protection Agency (EPA) emissions credits issues.

The Cummins Cal Pacific bid to provide ISL G natural gas engines was determined to be the lowest responsive and responsible bid. The new ISL G natural gas engine will meet 2010 EPA emission standards with nitrogen oxides (NOx) emissions of 0.2 gm/bhp-hr. This engine, available in ratings from 250 to 320 hp, combines the Cummins proven Exhaust Gas Recirculation (EGR) technology with a three-way catalyst to offer improved efficiency and lower costs.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$14,602,925 has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

NATURAL GAS FUELED HEAVY DUTY ENGINES

PRIME CONTRACTOR - Cummins Cal Pacific

Small Business Commitment

N/A

Total Commitment N/A

Other Subcontractors

N/A

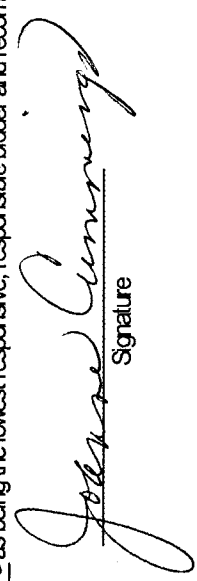
BID TABULATION

| Description | | QT | Unit | Cummins Cal Pacific, LLC Bid 1 | | Cummins Cal Pacific, LLC Bid 2 | | Valley Power Systems, Inc. Bid 1 | | Valley Power Systems, Inc. Bid 2 | |
|---------------------------------------|-----|----|-------------|-----------------------------------|---------------|-----------------------------------|---------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------|
| | | | | Unit Price | Make & Model | Unit Price | Make & Model | Unit Price | Make & Model | Unit Price | Make & Model |
| Natural Gas Fueled Heavy Duty Engines | 400 | ea | \$26,975.00 | Cummins C Gas 4 | Cummins ISL G | \$33,725.00 | John Deere CNG 8081H-FN04 | \$35,614.60 | Detroit Diesel S60G 6047-MK-28 | \$47,185.00 | |
| Sub Total | | | | \$10,790,000.00 | | \$13,490,000.00 | | \$14,245,840.00 | | \$18,874,000.00 | |
| Sales Tax 8.25% | | | | \$880,175.00 | | \$1,112,925.00 | | \$1,175,281.80 | | \$1,557,105.00 | |
| Total Bid Price | | | | \$11,680,175.00 | | \$14,602,925.00 | | \$15,421,121.80 | | \$20,431,105.00 | |

Bids Out: 11/15/06 Total 2
 Bids Opened: 12/21/06 Total 2
 Advertisement Date(s): 11/16/06
 Newspaper: Daily News

I hereby certify CUMMINS CAL PACIFIC as being the lowest responsive, responsible bidder and recommend the award to them for total price, excluding sales tax, of \$ 14,602,925.00

2-27-2007
 Date


 Signature

